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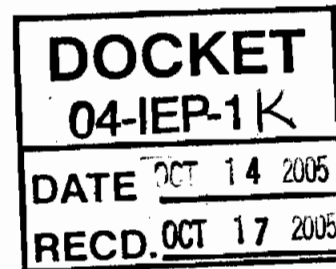
October 14, 2005

By fax (916-654-4493) and email (poa@energy.state.ca.us)

JOHN L. GEESMAN
Presiding Member
Integrated Energy Policy
Report Committee

JAMES D. BOYD
Associate Member
Integrated Energy Policy
Report Committee

California Energy Commission
Media and Public Communications Office
1516 Ninth Street, MS-29
Sacramento, CA 95814-5512



Re: Public Comments on Docket 04-IEP-1, Integrated Energy Policy Report

Dear Messrs. Geesman and Boyd:

Thank you for the opportunity to submit comments on the draft Integrated Energy Policy Report ("IEPR") for Docket 04-IEP-1. All of the above-listed organizations are located in the Interior West states of Montana, Wyoming, Colorado, New Mexico, Arizona, Utah, Nevada, and Idaho, and the purpose of this letter is to comment on the

IEPR as it relates to California's current and future reliance on coal-fired electrical generation produced in these states.

Impacts in the Interior West by Conventional Coal-Fired Power Plants

California's current and future energy choices have tremendous implications for the Interior West. In 2004, nearly 20 percent of all retail electricity sales in California were derived from coal-fired generation located in other western states. *IEPR at p. 68.* Various California ownership interests in existing out-of-state coal projects total 4,744 MW. Moreover, there are at least six new conventional coal plants proposed for the Interior West with an eye on the California electricity market. These six new coal plant proposals represent roughly 5,500 MW of new conventional coal-fired generation. If built, these new coal plants would emit approximately 40 million tons of CO₂ per year, greatly contributing to climate change.

Beginning on page 133, the IEPR notes "climate change...has significant implications for all of the sectors of the state's economy and natural resources." On the same page the IEPR goes on to acknowledge "the primary source of GHG (greenhouse gas emissions) is the burning of fossil fuels in motor vehicles, refineries, industrial facilities, and power plants." The IEPR also states "because of the severe projected in-state impacts, California has a special interest in avoiding the consequences of severe climate change and compelling motivation to reduce GHGs. *IEPR at 71.* The IEPR concludes that California utility procurement policy will be critical to achievement of its GHG reduction goals and may be a critical driver of "clean coal" technology development in the West.

The Interior West also faces severe projected impacts from global warming, such as reduced snowpack, reduced water resources, reduced energy resources, harm to wildlife and ecosystems, and negative impacts to virtually all sectors of the economy, including agriculture, tourism, and recreation. In fact, the Interior West is already experiencing the predicted effects of climate change—such as reduced snowpack, less reliable precipitation, and earlier snowmelt. These changes create an increased strain on already tight water supplies and threaten alpine ecosystems.

These new coal plants would emit approximately 18,133 tons per year of SO₂; 2,759 tons per year of NO_x; and, 1,620 pounds per year of mercury, contributing to regional air quality problems. Trends analyses show increasing ozone, haze pollution, and mercury contamination across the Interior West, including in national parks and wilderness areas. Ozone is formed by the emission of volatile organic compounds and nitrogen oxides from coal-fired power plants and other sources. Elevated ozone concentrations cause a suite of adverse health effects including decreased lung function and asthma. Data from western national parks and wilderness areas also show deteriorating visibility conditions across the region. This visibility impairment diminishes our enjoyment of the great vistas of the West. In addition, coal-fired power plants are the single largest source of human-produced mercury emissions in the country, discharging an estimated 96,000 pounds of mercury into the air in 1999—or 41% of total emissions. Methylmercury bioaccumulates in fish, posing a risk to human health when ingested.

Mercury contamination is responsible for the vast majority of fish consumption advisories in the Interior West.

Comments and Recommendations

The following comments and recommendations are based on the assumption that California's "loading order" for electrical resource procurement will be fully implemented. More specifically, California has stated that its energy needs will first be met by energy efficiency measures and demand-side management, followed by renewable energy sources. We strongly support this loading order and request that it be fully implemented. Only after efficiency and renewables are exhausted should the state look to meet growing energy demands with additional fossil fuel resources.

Chapter 4: Demand-Side Resources, Distributed Generation, and other Electricity Supplies

We agree with the IEPR's conclusion that California utility procurement policy will be critical to achievement of its GHG reduction goals and may be a critical driver of "clean coal" technology development in the West. We also agree, and recommend, that the State of California should adopt a greenhouse gas performance standard to be applied to all utility procurement—both in-state and out-of-state. *IEPR, p. 71*. This GHG performance standard must apply to all electric generating technologies and fuels. We strongly support the draft IEPR proposal that the GHG performance standard be set at or below the GHG emission levels achieved by a new state-of-the-art combined-cycle natural gas turbine. Moreover, we recommend that generators not be allowed to offset their greenhouse gas emissions in complying with such a standard at least until the adoption of well-designed, rigorous caps on greenhouse gases. Durable offsets would be almost impossible to create, track and monitor in the absence of binding limits and clear implementation rules, and would greatly reduce the proposed GHG performance standard's impact on spurring technology innovation for any new coal plants built in the region.

Chapter 9: Global Climate Change

We also request that the Report specifically state that any importation of out-of-state electrical generation into California will be included in the calculation of compliance with Governor Schwarzenegger's greenhouse gas emissions targets. *IEPR, p. 135-136*. Only then will the true extent of California's greenhouse gas emissions be accurately calculated.

Thank you for considering our comments. We request that these comments be addressed in the final IEPR.

Diane Brown Executive Director Arizona Public Interest Research Group 130 N. Central #311 Phoenix, AZ 85004	Anna Frazier Diné CARE HCR-63 Box 263 Winslow, AZ 86047
Matt Baker Executive Director Environment Colorado 1536 Wynkoop St., Suite 100 Denver, CO 80202	Shaaron Netherton Friends of Nevada Wilderness 1 Booth Street P.O. Box 9754 Reno, NV 89507
Roger Clark Grand Canyon Trust 2601 N. Fort Valley Road Flagstaff, AZ 86001	James D. Jensen Executive Director Montana Environmental Information Center P.O. Box 1184 Helena, MT 59624
Susan B. Lynn Public Resource Associates 1755 E. Plumb Lane, #170 Reno, NV 89502	Vickie Patton Rocky Mountain Office of Environmental Defense 2834 North Broadway Boulder, CO 80304
Dan Randolph Energy Issues Organizer San Juan Citizens Alliance P.O. Box 2461 Durango, CO 81302	Cindy Roberts Sevier Citizens for Clean Air & Water 146 North Main Street, Suite 27 Richfield, UT 84701
Don Hancock Southwest Research and Information Center P.O. Box 4524 Albuquerque, NM 87196-4524	Tina Nappe Toiyabe Chapter of Sierra Club 615 Robinson Court Reno, NV 89503
Tim Wagner Utah Clean Energy Coordinator Utah Chapter of Sierra Club 2120 S. 1300 East Salt Lake City, UT 84106	Sarah Wright Executive Director Utah Clean Energy 917 2nd Ave. Salt Lake City, UT 84103
John Nielsen Energy Program Director Western Resource Advocates 2260 Baseline Road, Suite 200 Boulder, CO 80302	Jason Marsden Executive Director Wyoming Conservation Voters Education Fund P.O. Box 2664 Casper, WY 82602
Bruce Pendery Public Lands Director Wyoming Outdoor Council 262 Lincoln Street Lander, WY 82520	